

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MERCER WATER)	
DISTRICT, OF MERCER COUNTY, KENTUCKY, FOR:)	
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY, AUTHORIZING AND PERMITTING SAID)	
WATER DISTRICT TO CONSTRUCT A WATERWORKS)	CASE NO.
CONSTRUCTION PROJECT, CONSISTING OF)	92-275
EXTENSIONS, ADDITIONS, AND IMPROVEMENTS TO)	
THE EXISTING WATERWORKS SYSTEM OF THE)	
DISTRICT; AND (2) APPROVAL OF THE PROPOSED)	
PLAN OF FINANCING OF SAID PROJECT)	

O R D E R

On July 2, 1992, North Mercer Water District ("North Mercer") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,850,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 343 additional customers. Project funding includes a \$1,231,000 loan from the Farmers Home Administration ("FmHA"), a \$500,000 grant from the Kentucky Infrastructure Authority ("KIA"), and \$119,000 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 7.125 percent per annum.

North Mercer's application was made pursuant to KRS 278.023 which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum

filing requirements were met in this case on July 2, 1992, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. North Mercer is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. North Mercer's proposed plan of financing with FmHA and KIA is accepted.

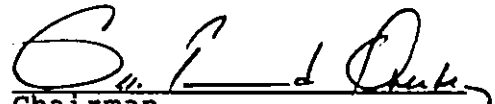
3. North Mercer shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

4. North Mercer shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 6(1), North Mercer shall take immediate action to bring the system into compliance with Commission regulations.

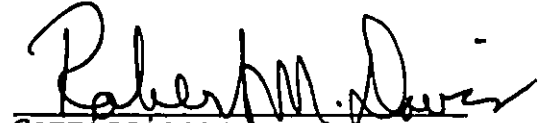
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 23rd day of July, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director